

CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number: _____

Meeting Type: Regular

Meeting Date: Jun 9, 2016

Action Requested By: Finance

Agenda Type: Ordinance

Subject Matter:

Capital Improvement Plan

Exact Wording for the Agenda:

Resolution to Proceed with Public Sale of Series 2016 Warrants and to Subscribe for Escrow Securities.

Note: If amendment, Please state title and number of the original

Item to be considered for: Action

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what council action will provide, allow and accomplish and; any other information that might be helpful.

Associated Cost: _____

Budgeted Item: Not Applicable

MAYOR RECOMMENDS OR CONCURS: Yes

Department Head: 

Date: Jun 2, 2016

RESOLUTION NO. ____ - ____

BE IT RESOLVED by the City Council (the "Council") of the **CITY OF HUNTSVILLE** (the "City"), as follows:

Section 1. Findings. The Council has ascertained and does hereby find and declare as follows:

(a) the City has determined to design, construct, acquire, install and equip various public capital improvements within the City including, without limitation, public roadway improvements, public park and recreation improvements, bridge improvements, public safety improvements (collectively, the "2016 General Public Improvements") and various public school capital improvements including, among others, construction of a new elementary school and other renovations and improvements for public school facilities within the City operated by the Huntsville City School Board (collectively, the "2016 Public School Improvements"); and

(b) the City has heretofore issued its (i) General Obligation Warrants, Series 2007-A, dated May 1, 2007, (ii) General Obligation Capital Improvement and Refunding Warrants, Series 2009-A, dated March 4, 2009, (iii) General Obligation School Capital Improvement and Refunding Warrants, Series 2009-B, dated March 4, 2009, (iv) General Obligation Capital Improvement and Refunding Warrants, Series 2011-A, dated November 22, 2011, and (v) General Obligation School Capital Improvement Warrants, Series 2011-B, dated November 22, 2011 (collectively, the "Outstanding Warrants"), and due to current market conditions the City has determined that it may be advantageous and in the best interest of the City to refund all or a portion of the Outstanding Warrants; and

(c) in order to pay the costs of (1) the 2016 General Public Improvements, (2) the 2016 Public School Improvements and (3) refunding all or a portion of the Outstanding Warrants (those of the Outstanding Warrants to be refunded, the "Refunded Warrants"), the City is planning to issue four series of general obligation warrants currently estimated to aggregate not more than \$150,000,000 in principal amount (the "Series 2016 Warrants"); and

(d) the City has determined it is necessary, wise and in the public interest to sell the Series 2016 Warrants through a competitive public sale (the "Public Sale"), the terms of which are

described in the Preliminary Official Statement of the City and the Notices of Sale included therewith in the form attached hereto as Exhibit A (the "Preliminary Official Statement"), and the Council desires to authorize and direct the Mayor and the Director of Finance to cause the Series 2016 Warrants to be sold pursuant to Public Sale subject to final Council approval of the Series 2016 Warrants on their date of sale; and

(e) it will be necessary for the City to establish one or more special escrow funds (collectively, the "Escrow Fund") into which a portion of the proceeds of the Series 2016 Warrants will be held and invested in certain permitted securities, including federal treasuries or other similar securities purchased on the open market through a bidding process ("Open Market Securities") and/or federal securities consisting of State and Local Government Series and similar securities purchased from the U.S. Treasury ("SLGS" and, together with Open Market Securities, "Escrow Securities"), which such Escrow Securities shall mature at such times and in such amounts as shall enable the Escrow Fund to timely pay debt service and the redemption price of the Refunded Warrants; and

(f) the Council seeks to engage PFM Asset Management LLC ("PFM Asset Management") to serve as investment advisor to the City in the bidding and acquisition by the City of Open Market Securities for the Escrow Fund.

Section 2. Authorization to Proceed with Public Sale. The Council does hereby authorize and direct the Mayor and the Director of Finance to cause the Series 2016 Warrants to be sold pursuant to Public Sale as described in the Preliminary Official Statement and the forms of Notice of Sale attached thereto, which such Series 2016 Warrants shall be subject to approval by the Council on the date of the said sale.

Section 3. Authorization to Subscribe for Escrow Securities. The Council does hereby authorize and direct the Mayor and the Director of Finance to execute such engagement letters or other documents as shall be necessary to enable PFM Asset Management to serve as investment advisor to the City for the bidding and purchase by the City of Open Market Securities, and such officers are hereby further authorized and directed to execute and deliver such agreements, notices, instruments, directions and other documents on behalf of the City as shall be necessary or desirable for Escrow Securities to be purchased (such securities to consist of Open Markets and/or SLGS as shall be determined by the Mayor or the Finance Director on the date of sale of the Series 2016 Warrants) for refunding and retiring the Refunded Warrants.

ADOPTED this the 9th day of June, 2016.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 9th day of June, 2016.

Mayor of the City of Huntsville, Alabama